

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7319

BILL NUMBER: SB 501

DATE PREPARED: Feb 26, 2002

BILL AMENDED: Feb 25, 2002

SUBJECT: Educational Facilities.

FISCAL ANALYST: Chuck Mayfield

PHONE NUMBER: 232-4825

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill prohibits Vincennes University and Ivy Tech State College from taking any action that frustrates the goals of the community college system. It provides authorization for the Budget Agency to enter into a lease (after meeting certain conditions) with the Columbus Learning Center Management Corporation. The bill gives the trustees of Vincennes University bonding authority for a Technology Building, a Performing Arts Center, and a Recreation Building. It gives the trustees of the University of Southern Indiana bonding authority for a library/classroom expansion/renovation. The bill also removes the freeze on student tuition and academic facilities fees at Vincennes University and Ivy Tech State College. It gives the trustees of Indiana University bonding authority for acquiring and renovating the University Place Hotel on the Indianapolis Campus. It also allows bonding for medical research facilities associated with a school of medicine.

Effective Date: Upon passage; July 1, 2002.

Explanation of State Expenditures: (Revised) *Columbus Learning Center:* The bill allows the State Budget Agency to enter into a lease with the Columbus Learning Center Management Corporation if the lease rental revenue bonds for the Columbus Learning Center do not exceed \$25 M. P.L. 291-2001 (the budget bill) contained a \$2 M appropriation from the State General Fund to provide funding for the Columbus Learning Center. The fiscal impact would depend on the lease negotiated between the Columbus Learning Center and the Budget Agency. The approximate cost of funding a \$25 M bond at 5% interest is about \$2 M per year. The lease would also cover the cost of operating the Columbus Learning Center. The current estimate of the possible annual cost of the lease is about \$3.5 M per year. Indiana University, Purdue University, Vincennes University, and Ivy Tech State College are listed as entities that might use the facility, but a school corporation is not included. The director of the Budget Agency is required to certify in writing to the Legislative Council that there is an unmet need and the facility will correct the need.

Medical Research Facilities: The bill allows bonding for medical research facilities associated with a school of medicine if the facilities will generate revenue reasonably expected to at least equal the annual debt service requirements of the bond. The provision should have no state fiscal impact. The facilities would be financed like university dormitories or health service facilities.

University Place Hotel: The bill also allows Indiana University to issue bonds up to \$30 M for the cost of acquisition and renovation of the University Place Hotel on the Indianapolis Campus. The bonds are not eligible for fee replacement, so there should be no state fiscal impact. The debt service payments would be about \$2.45 M per year on a 20-year bond at 5.25% interest.

Library/Classroom Expansion/Renovation: The bill allows the University of Southern Indiana to issue bonds up to \$29 M for the expansion and renovation of the library and classrooms. The bonds are eligible for fee replacement. The state impact would be an annual cost of about \$2.4 M starting in 2005 or later.

Technology Building, Performing Arts Center, Recreation Building: The bill allows Vincennes University to issue bonds up to \$25 M for a Technology Building, a Performing Arts Center, and a Recreation Building. The bond issue would be eligible for fee replacement. The state cost for fee replacement would be about \$2 M per year. The first payment would be for FY 2005 or later.

Ivy Tech State College and Vincennes University: The bill provides that Ivy Tech and Vincennes University are allowed to increase Indiana resident student tuition fees and facilities without a reduction in their appropriation. Vincennes University was appropriated \$852,965 for FY 2003 to freeze fees, and Ivy Tech was appropriated \$2,998,265 for FY 2003 to freeze fees. The bill provides Vincennes University and Ivy Tech the opportunity to increase revenue in the form of students' fees without the loss of state funding. Under current law, Vincennes University would have to increase fees by at least \$852,965 and Ivy Tech would have to increase fees by at least \$2,997,265 before additional funding was available.

The provision of the bill requiring Ivy Tech and Vincennes University not to take any action to frustrate the goals of the community college system should have no impact.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Budget Agency, Department of Administration, Indiana University, Purdue University, Vincennes University, and Indiana Tech State College.

Local Agencies Affected:

Information Sources: